

CHAPTER 3I

EMERGENCY TELEPHONE USERS' SURCHARGE

HIGHLIGHTS

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| • Purpose | Funds local government costs for implementation and operation of the "911" emergency telephone system. |
| • Tax Base | All charges for telephone users on intrastate telephone calls. |
| • Tax Rate | 0.72% |
| • Revenue | 2002-03 \$131.2 million
2003-04 (estimate) \$149.3 million |
| • Administration | Board of Equalization (BOE) and
Department of General Services (DGS) |
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1. TAX OVERVIEW

In 1982, the Legislature passed a measure calling for statewide implementation of a "911" emergency telephone system. The installation and operation of the system is funded by the **emergency telephone users' surcharge** applied to intrastate (within California) telephone calls. The surcharge was established in 1976, and the system was completed in December 1985. Current revenues pay for system enhancements and operational costs.

2. TAX RATE

The surcharge rate varies, depending on funding needs; however, it has a floor of 0.5% and a cap of 0.75%. On or before each September, DGS determines the rate it estimates will produce sufficient revenue to fund the current fiscal year's costs for the "911" program and revises the rate only when needed. Charges for lifeline services and for services from public coin-operated telephones are exempt from the surcharge.

3. REVENUE

Surcharge revenues accrue to a special "911" fund. The surcharge raised \$131.2 million in fiscal year (FY) 2002-03 and is expected to raise \$149.3 million in FY 2003-04.

4. ADMINISTRATION

The "911" tax is collected from consumers by the telephone companies and is remitted to BOE.

The Communications Division of DGS establishes minimum technical and operational standards for local systems and approves the funding necessary to implement and operate each system.

5. CODE

Revenue and Taxation Code Sections 41001-41176